

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

SENATE BILL 238

**47TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2006**

INTRODUCED BY

John Arthur Smith

AN ACT

RELATING TO TAXATION; PROVIDING FOR AN INCOME TAX CREDIT FOR CONTRIBUTIONS TO CERTAIN NONPROFIT ORGANIZATIONS THAT ALLOCATE REVENUES FOR EDUCATIONAL SCHOLARSHIPS OR TUITION GRANTS FOR STUDENTS TO ATTEND PRIVATE SCHOOLS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. A new section of the Income Tax Act is enacted to read:

"[NEW MATERIAL] SCHOOL TUITION TAX CREDIT.--

A. A taxpayer who files an individual New Mexico income tax return and who is not a dependent of another individual may claim, in lieu of a deduction taken by the taxpayer pursuant to Section 170 of the Internal Revenue Code, a credit in an amount not to exceed five hundred dollars (\$500) of a contribution made by the taxpayer during the taxable year

underscoring material = new  
~~[bracketed material] = delete~~

underscoring material = new  
[bracketed material] = delete

1 to a charitable organization described in Section 501(c)(3) of  
2 the Internal Revenue Code that allocates at least ninety  
3 percent of its annual revenue for educational scholarships or  
4 tuition grants to students to attend accredited private  
5 elementary or secondary schools in New Mexico. The tax credit  
6 provided by this section may be referred to as the "school  
7 tuition tax credit".

8 B. The tax credit provided in this section may only  
9 be deducted from the taxpayer's New Mexico income tax liability  
10 for the taxable year. Any portion of the maximum credit  
11 provided by this section that remains unused at the end of the  
12 taxable year may be carried forward for five taxable years.

13 C. A husband and wife who file separate returns for  
14 a taxable year in which they could have filed a joint return  
15 may each claim only one-half of the credit that would have been  
16 allowed on a joint return.

17 D. A taxpayer who claims a school tuition tax  
18 credit for a contribution made by a partnership or other  
19 business association of which the taxpayer is a member may  
20 claim a credit only in proportion to the taxpayer's interest in  
21 the partnership or association.

22 E. For the purposes of this section, "dependent"  
23 means "dependent" as defined in Section 152 of the Internal  
24 Revenue Code."

25 Section 2. A new section of the Corporate Income and

.160017.1

underscored material = new  
[bracketed material] = delete

1 Franchise Tax Act is enacted to read:

2 "[NEW MATERIAL] SCHOOL TUITION TAX CREDIT.--

3 A. A taxpayer that files a New Mexico corporate  
4 income tax return may claim, in lieu of a deduction taken by  
5 the taxpayer pursuant to Section 170 of the Internal Revenue  
6 Code, a credit in an amount not to exceed five hundred dollars  
7 (\$500) of a contribution made by the taxpayer during the  
8 taxable year to a charitable organization described in Section  
9 501(c)(3) of the Internal Revenue Code that allocates at least  
10 ninety percent of its annual revenue for educational  
11 scholarships or tuition grants to students to attend accredited  
12 private elementary or secondary schools in New Mexico. The tax  
13 credit provided by this section may be referred to as the  
14 "school tuition tax credit".

15 B. The tax credit provided in this section may only  
16 be deducted from the taxpayer's corporate income tax liability  
17 for the taxable year. Any portion of the maximum credit  
18 provided by this section that remains unused at the end of the  
19 taxable year may be carried forward for five taxable years."

20 Section 3. APPLICABILITY.--The provisions of this act  
21 apply to taxable years beginning on or after January 1, 2006.